AUDIT COMMITTEE REPORT

REPORT TO:	Audit Committee		
DATE:	20 January 2025		
TITLE:	Internal Audit Progress Report		
TYPE OF REPORT:	For Information		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Teresa Sharman, Head of Internal Audit		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
The Audit Committee receive updates on progress made against the annual Internal Audit Plan. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.
KEY ISSUES:
The current position in relation to the completion of the Internal Audit Plan 2024/25 is shown within the attached report.
OPTIONS CONSIDERED:
N/a
RECOMMENDATIONS:
The Audit Committee are requested to receive the Progress Report on internal audit activity.
REASONS FOR RECOMMENDATIONS:
In receiving this report, the Audit Committee is fulfilling their terms of reference in monitoring internal audit activity.

REPORT DETAIL

1. Introduction

This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.

2. Proposal

The report sets out progress with completing the 2024/25 Internal Audit Plan.

3. Issues for the Audit Committee to Consider

Members should note progress with completing the Internal Audit Plan and the report executive summaries, particularly the limited assurance opinions provided for some areas.

4. Corporate Priorities

Good governance.

5. Financial Implications

None.

6. Any other Implications/Risks

None.

7. Equal Opportunity Considerations

None.

8. Environmental Considerations

None.

9. Consultation

N/a.

10. Conclusion

For Audit Committee to note that the 2024/25 Internal Audit Plan is now complete and the executive summaries of final reports.

11. Background Papers

Appendix A – Progress Report 2024/25

EASTERN INTERNAL AUDIT SERVICES

BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

Progress Report 2024/25

Head of Internal Audit: Teresa Sharman

Contents

Progress at a glance

24
Audits in 2024/25 Audit Plan

0
Sum of High

16
Sum of Medium

17
Sum of Low

29
Sum of Imp Actions

1 (4%)
2 (8%)
4 (17%)
10 (42%)
7 (29%)

● Audit behind ● Audit completed ● Not started ● Cancelled ● Deferred

Final reports issued this period - 2

One Reasonable assurance and one Substantial

In total:
2 – Substantial
3 - Reasonable
1 – Limited
Risk Mgmt.- Risk Defined

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Executive Summary

Introduction	Under the Global Internal Audit Standards (GIAS), 'The chief audit executive (Head of Internal Audit) must provide the board with the information needed to conduct its oversight responsibilities.' In particular, 'Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.' and 'The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.'
	Under the Committee's terms of reference, the Committee should receive updates on the work of internal audit, including key findings, issues of concern and action in hand from internal audit work and consider summaries of specific internal audit reports.
	This report is to assist the Committee in discharging its responsibilities in relation to internal audit activity.

Background	The Internal Audit Service for the Council is provided by the in-house team at the Council, with the Head of Internal Audit provided by the Eastern Internal Audit Service (EIAS).
	Internal audit provides an independent and objective opinion on the Council's internal controls by evaluation their effectiveness and operation in practice.

Changes to the 2024/25 Audit Plan

Since the Internal Audit Plan was approved, the following changes have been made:-

Audit	Nature of the change
Applications Audit – Revenues and Benefits system	This audit has been deferred due to staff illness and capacity to fulfil the audit in a busy period. Quarter 2 was agreed for the audit to take place in 2025/26.

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Progress to date and audit outcomes	**Progress with audit work**
	The current position in completing audits to date is shown in **Appendix 1**.
	<u>Quarter 2</u>
	As previously detailed, the Elections and Electoral Services audit moved to quarter 4, the Environmental Health – Food Health and Safety audit moved to quarter 3, the Data Protection audit moved from quarter 3 to 2 and the .
	Two audits have been finalised as detailed below and the report for the Accounts Payable audit has now been drafted and is being reviewed by the Head of Internal Audit.
	Terms of reference for the Economic Growth - St George Guildhall & Creative Hub were issued in September 2024, but although the audit was previously on track, it is now behind due to focusing on other quarter 2 audits first and the amount of information to review.
	All the other three remaining audits (Vehicle Fleet, Data Protection and Flood and Water Management) in this quarter were behind as previously reported due to either auditor sickness, difficulties in arranging kick off meetings for the audit, and juggling priorities in service areas and within the Audit Team but these are now progressing well and are expected to reach draft report stage in January 2025.
	<u>Quarter 3</u>
	The terms of reference for the Food health and Safety audit were issued before the audit was moved to quarter 3. The audit is behind due to finishing other quarter 2 audits first as well as the auditor's recent study requirements but is now in progress.
	The terms of reference for the Financial Sustainability – Cost Management Income Generation (CMIG) Plan audit were issued in September 2024; however, the audit is behind due to progressing other quarter 2 audits first but is now in progress.
	The Car Parking audit is behind and in the early stages of the audit process.
	The terms of reference for the S106 Agreements audit were issued in September 2024; however, the audit is behind due to progressing other quarter 2 audits first but is now in progress.

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The Property Services (Commercial and Management) audit has not started yet.

The Development Management – Planning and Enforcement audit has not started yet.

Quarter 4

Only the Key controls and Income audits will now be completed in this quarter; these have not started yet.

The Legal Services and Elections and Electoral Services audits will be cancelled due to the other audits being behind and a lack of time to complete these audits by year-end.

The IT Network Infrastructure audit has been passed to the EIAS's contractor to complete.

Audit Outcomes - Final Reports

Two audits have been finalised since the last Progress Report as detailed in the table below: -

Audit	Assurance Level	High Recs	Medium Recs	Low Recs
Care and Repair Agency (home improvement agency funded through the Better Care Fund (BCF)) (Handyperson Service)	Reasonable	0	3	7
Data Centre	Substantial	0	2	1
Total	**-**	**0**	**5**	**8**

The Executive Summary for final reports issued, and the recommendations made in the period are provided in at **Appendix 2**, and a full copy of the report can be requested by Members.

Progress with actions to Improve poor performance	Progress with actions being taken to improve contractor performance is outlined below: - **Client feedback surveys** - during 2024/25 the Head of Internal Audit will review the survey with a view to making it shorter, focusing on a small number of questions to aid a higher return rate. **This has been completed; a survey with six questions is now in place. Out of the three surveys sent out so far, only one has been returned which has an overall score of 'excellent'. No further surveys have been returned since the last progress report.** **Develop some more operational KPIs** which will inform the Team's performance in delivering internal audits and value for the Council. **This is still to be moved forward.**

Audit Area	Status	Opinion	Total Recs	High	Medium	Low	Imp Actions	Qtr
Risk Management	Audit completed	Risk Defined	4	0	4	0	3	1
Contract Management	Audit completed	Limited	6	0	4	2	7	1
Corporate Health & Safety	Audit completed	Reasonable	4	0	2	2	3	1
Accounts Receivable	Audit completed	Reasonable	6	0	1	5	4	1
Housing Strategy - Homelessness Strategy	Audit completed	Substantial	0	0	0	0	0	1
Elections & Electoral Services	Cancelled	-	0	0	0	0	0	Was 2, now 4
Accounts Payable	Audit behind	-	0	0	0	0	0	2
Vehicle Fleet	Audit behind	-	0	0	0	0	0	2
Care and Repair Agency (home improvement agency funded through the Better Care Fund (BCF)) (Handyman Service)	Audit completed	Reasonable	10	0	3	7	7	2
Flood and Water Management (coastal and surface water)	Audit behind	-	0	0	0	0	0	2
Data Centre	Audit completed	Substantial	3	0	2	1	5	2
Economic Growth - St George's Guildhall & Creative Hub	Audit behind	-	0	0	0	0	0	Was 4 now 2
Data Protection	Audit behind	-	0	0	0	0	0	Was 3, now 2

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Audit Area	Status	Opinion	Total Recs	High	Medium	Low	Imp Actions	Qtr
Environmental Health - food health and safety (food premises' inspections)	Audit behind	-	0	0	0	0	0	Was 2, now 3
Financial Sustainability - Cost Management and Income Generation Plan (CMIG)	Audit behind	-	0	0	0	0	0	3
Car Parking & Civil Enforcement	Audit behind	-	0	0	0	0	0	3
Property Services (Commercial & Management)	Audit behind	-	0	0	0	0	0	3
Development Management - Planning and Enforcement	Not started	-	0	0	0	0	0	3
S106 Agreements	Audit behind	-	0	0	0	0	0	3
Application Audit - Civica (Revenues and Benefits system)	Deferred	-	0	0	0	0	0	3
Legal Services	Cancelled	-	0	0	0	0	0	4
Key Controls	Not started	-	0	0	0	0	0	4
Income	Not started	-	0	0	0	0	0	4
Network Infrastructure	Not started	-	0	0	0	0	0	4

| Grant Certifications	The following grants have been certified by EIAS so far during 2024/25: - • Disabled Facilities Capital Grants P/e 2023/24

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INTERNAL AUDIT FINAL REPORT	• Handyperson Service • 13th of December 2024

Executive Summary

Engagement Background

The Handyperson Service (HPS) is a discretionary service delivered by the Care & Repair Department within the Borough Council of King's Lynn and West Norfolk. The aim of the HPS is to assist West Norfolk residents with a disability or debilitating health issue, to remain living in their own homes for longer. Works carried out under the HPS aim to reduce the likelihood of falls and help support clients with their day-to-day living. This discretionary service is being funded by some of the grant money which had been allocated to deliver the Disabled Facilities Grant as it met the grant's conditions, with a total of £1.2 million available to run this service.

The service undertook a tender exercise in 2023 to set up a Framework Agreement and two contractors were appointed to conduct works on the Council's behalf, Chas D. Allflatt and C&M Servicing Ltd T/A Charterhouse Property Solutions.

Substantial Assurance   **Reasonable Assurance**   Limited Assurance   No Assurance
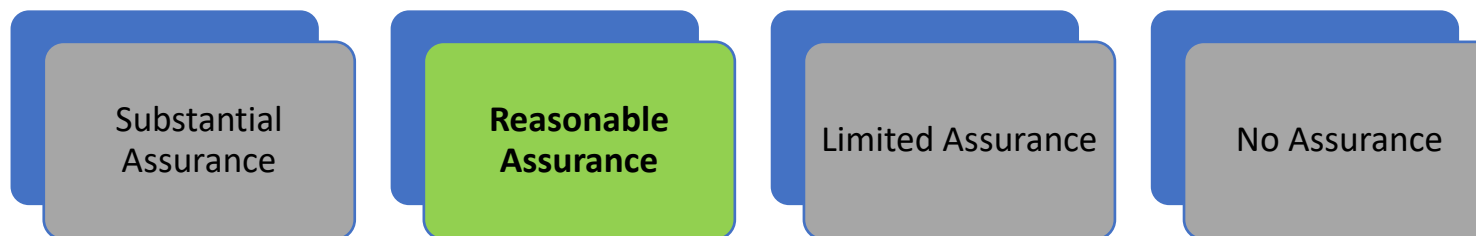
Summary of Our Opinion

Based upon the issues identified, the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

Control weaknesses were found within the compliance and adherence to the terms and conditions of the Framework Agreement from both parties (the Contractors and the Handyperson Service) and are as follows: -

- Due to a vacancy, there has been no sample checking of works completed in the last 15 months to ensure that the work was completed to the expected standard; a person has now been appointed and checks will commence shortly.

- The necessary documentation is not being consistently added to cases on the system to support the referral and works completed.

- There are six KPIs in place; two need re-wording as processes have changed, bi-monthly review meetings are not taking place and default notices are not raised when KPIs are not met.

- The Housing Assistance Policy needs updating and reviewing regarding monetary limits.

However, the areas where we can provide assurance on are as follows: -

- The Service has policies and procedures.

- Referral forms and contact methods are easy to use and accessible to the general public.

- The Handyperson personnel have undertaken relevant training in relation to their responsibilities.

Overall Objective
The overall objective of the engagement is to gain assurance that the controls in place for the adaptation work completed through the Handyperson self-referral service, are robust to reduce the likelihood of falls and provide further support to people with their day to day living and independence. Additionally, it is to ensure that the recently renewed Contract Framework is adequate and effective in ensuring the delivery of services.

Summary of Key Recommendations
A total of three medium priority recommendations have been raised as follows: -

➢ The recently appointed Senior Technical Officer (STO) should ensure that they inspect a sample of jobs completed by the Contractors to clarify the work has been completed to the expected standard. The sample could be based on, for example, the value or complexity of the works. Any works that are not to the expected standard, should be addressed with the Contractor it concerns, and they should be required to complete the work appropriately.

➢ Appropriate record keeping should be taking place where relevant documentation is kept within the system against the relevant case to support the work carried out and the decisions made. To assist in ensuring this is in place, the following should be implemented: -

1. Compile a checklist (including the documents/details below) to ensure all documents are included for each case:
   o Referral Form,
   o Notepad includes dates and progress made against the case,
   o Contractor Job sheet, and
   o Feedback Survey.

2. Provide refresher training to the HPS team to ensure officers know:

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- o What documentation is to be recorded/attached within the system,

- o The importance of this information being captured,

- o At what stage of the HPS process the relevant documentation should be uploaded, and

- o That the officer who closes the individual case once all works are complete, checks that all relevant documents are captured.

3. The Senior Admin & Monitoring Officer should undertake spot checks on cases to ensure that the required documents are uploaded to the system.

➢ The recently appointed Contracts and Admin Co-ordinator ensure both parties are following the Framework Agreement. Emphasis should be on the following: -

- Generating the information for and monitoring all six KPIs each month, ensuring that contractors meet the targets, and amending the wording for KPIs 1 and 2,

- Undertaking bi-monthly meetings with each Contractor, and

- Where KPIs are not achieved "the contractor will be sent a default notice, and a review meeting will be arranged to determine how the Contractor's performance will be improved".

Good Practice and Other Points to Note

The Handyperson Service within the Borough Council of King's Lynn and West Norfolk has been recognised as the 'Handyperson Service of the Year' for 2021 and were joint winners with Middlesbrough as Handyperson Service in 2022 (sponsored by Triton Showers). This award, as defined by the Foundations, "celebrates the vital role of handyperson services in maintaining and improving homes for vulnerable individuals" and the Council's HPS was seen as going "above and beyond in providing high-quality, responsive, and compassionate support, making a significant impact through dedication and exceptional care".

Executive Summary

Engagement Background

The Borough Council of King's Lynn and West Norfolk's Data Centre is a physical room that houses the IT infrastructure of the organisation, which enables the delivery of shared applications and data across the Council. The Corporate Risk Register of the organisation currently outlines a 'very high' risk in relation to 'Data Management and Security', where deliberate or unintentional loss/disclosure of personal, sensitive, confidential / business critical information / breach of information governance legislation could significantly impact the entire services which are being delivered to the community. The Data Centre is appropriately located and ensures that the business services can be delivered with security protection around personal information and through having an Uninterrupted Power Supply (UPS) in place as part of business continuity. The Council also has a separate Disaster Recovery Site should anything happen to the main Data Centre.

| Substantial Assurance | Reasonable Assurance | Limited Assurance | No Assurance |

Summary of Our Opinion

Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Internal Audit can provide assurance as follows: -

- UPSs are in place in the Data Centre in the event there is a loss of power**;**

- Potential hazards both inside and outside the Data Centre have been identified and assessed;

- Security measures are in place, including CCTV, and a cooling system; and

- There are also adequate back-up systems in place at other locations, should the main data centre fail for whatever reason.

The main control weakness is that far too many people have access to the Data Centre; access needs to be restricted to those who need access for their job role. Only visitor access is recorded currently, but the logbook is not always fully completed; officers who access the room for whatever reason is now recorded as access is through the use of a swipe card but the details of and reason for their visit is not recorded.

Prior to issuing a final report, actions were taken, and evidence seen that the recommendations were actioned. Therefore, the assurance opinion has been amended from Reasonable to Substantial assurance in the final report.

Overall Objective

The overall objective of the engagement is to gain assurance that there are adequate controls in place to minimise risks such as unauthorised access to the Data Centre, business interruptions, theft of information assets, security, and environmental hazards.

Summary of Key Recommendations

Two medium priority recommendations have been raised as follows:

➢ Control over access to and administration rights for the Data Centre should be allocated as a responsibility to the Information Security Officer (ISO).

Access to the Data Centre should be controlled as follows:

o <u>Permanent access</u> should be given to IT Personnel who need to access the room for their job role.

- o <u>Temporary chaperoned access</u> by IT personnel should be given to third-party vendors/contractors, CCTV & Security Monitoring Personnel, Property Management, and Senior Management when there is a valid reason for them to access the room.

➢ The logbook should be completed by everyone who accesses the Data Centre for whatever reason including when officers access the room and when they chaperone contractors and internal staff members who need temporary access.

Since the draft report, evidence has been seen that the above recommendations have been implemented.

Good Practice and Other Points to Note

- The Council has two portable air conditioning units. These units have the capacity to provide emergency cover for the four air conditioning units used in the Data Centre location for a as long as required by amending the system to cool the air in a different way.

- The auditors would like to thank the various officers for their prompt response to queries, and actioning the recommendations to a level where they are either complete or will be complete very soon.

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Definitions	**Assurance Opinions: -**

Assurance Opinions: -

Substantial Assurance	There is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.
Reasonable Assurance	There is a series of internal controls in place; however, these could be strengthened to facilitate the Council's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.
Limited Assurance	The controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance	There is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.
Position Statement	Advisory Work

Recommendation Ratings: -

High	A fundamental control process, or statutory obligation, creating the risk that significant fraud, error, or malpractice could go undetected.
Medium	A control process that contributes towards providing an adequate system of internal control.
Low	These issues would contribute towards improving the system under review and are of limited risk.

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